

RD AN No. 3854 (1944-I)  
April 22, 2003

TO: State Directors  
Rural Development

ATTENTION: Rural Housing Program Directors, Rural Development Managers,  
and Community Development Managers

FROM: Authur A. Garcia (Signed by James E. Selmon, III) for  
Administrator  
Rural Housing Service

SUBJECT: Section 523 Self-Help Housing Grant Funding  
for Fiscal Year (FY) 2003

**PURPOSE/INTENDED OUTCOME:**

The purpose of this Administrative Notice (AN) is to clarify the funding process and identify the documentation that will be required for all Section 523 Self-Help housing grant approval requests.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces RD AN No. 3751 dated April 26, 2002, which expired on September 30, 2002.

**IMPLEMENTATION RESPONSIBILITIES:**

**FUNDING**

The Self-Help Housing Technical Assistance Grants allocation is \$34 million and carryover unobligated balances increased the program level availability to over \$62 million for FY 2003. Requests that are currently in the pipeline do not exceed the funds available. Therefore, the National Office has determined that existing grant organizations will be allowed to expand the capacity of their organizations without any percentage threshold.

EXPIRATION DATE: April 30, 2004

FILING INSTRUCTIONS:  
Preceding RD  
Instruction 1944-I

New grant organizations will not be limited to an initial grant amount of \$250,000. Nevertheless, existing grantees or newly developing grantees' capacity will be based upon the maximum grant amounts for any grant period and will be limited to RD Instruction 1944-I, §1944.407.

## APPROVAL

States without an active Self-Help program desiring to participate in the Section 523 program should work in close association with the Technical and Management Assistance (T&MA) Contractor serving that area. States with predevelopment grant organizations should be actively involved in the application process to assure their success.

The T&MA Contractors offer advisory services and specialized technical knowledge. These services are utilized by Agency personnel and potential or existing grantees from the processing stage to grant close-out. All T&MA Contractors have been advised by the National Office to provide State Directors with an in-depth technical analysis of new grantee applications, in addition to conducting an extensive technical review of the existing grantees. This analysis is a prerequisite for the approval of grantees operating at any level of funding.

All pre-applications should also have evidence of an Agency review with an analysis and supporting technical data from the T&MA Contractor prior to being submitted to the approval official.

The application review and evaluation made by Agency personnel and the T&MA Contractors is to ensure compliance with the requirements of RD Instruction 1944-I, §1944.410 and will include the best estimates and probabilities of long-term success of the organization and availability of housing funds for families for the duration of the grant period. If the grant application is favorably considered, the final evaluation from the Agency should include a list of suggested "conditions to be met" and recommendation for approval of the grant proposal.

Applications of grantees previously classified as "high risk" and those with a history of borderline performance should not be submitted without specific evidence that the past problems have been solved. Examples of borderline performance include, but are not limited to, managerial problems that mandated subsequent Section 502 loans, grant extensions, subsequent Section 523 grants, materialman's liens, failure to produce proposed Equivalent Units, etc. Overall organizational performance should be considered and documented if the organization is involved with other programs.

## OBLIGATION

**All section 523 Self-Help housing program grant requests, including predevelopment and subsequent requests, must have prior funding approval and be obligated from the National Office.**

**In accordance with RD Instruction 1944-I, §1944.419, all refunding grants will include the grantee final evaluation to determine, if goals and objectives as described in the Self-Help Technical Assistance Grant Agreement (Exhibit A of RD Instruction 1944-I) were achieved.**

Requests for less than \$300,000 will be faxed to (202) 720-2232 in the National Office, Attention: Carolyn Bell of the Single Family Housing Direct Loan Division.

The fax information for grant requests for less than \$300,000 must include:

1. Copy Form RD 1940-1 "Request for Obligation for Funds."
2. The Technical Assistance Contractor analysis along with the State Director's recommendation.
3. A copy of the conditions to be met issued by the State Director.
4. If the grantee has recently been designated "high risk" or has been a marginal performer, specific information showing actions that have been taken to correct the management problems.

For grant requests that will exceed \$300,000, the complete application docket will be sent to the National Office, Attention: Carolyn Bell of the Single Family Housing Direct Loan Division, for review and authorization. Any application not fully completed or without suggested conditions and an analysis from the State Director and the T&MA Contractor will be returned and no actions taken.

The T&MA Contractors that serve the four regions are:

### **Region 1: Southeast**

AL, FL, GA, MS, NC, SC, TN, PR, VI

#### **FLORIDA NON-PROFIT HOUSING INC.**

Selvin McGahee, Executive Director

Cheryl Wilkins, Project Director

PO Box 1987

Sebring, Florida 33878-1987

TELEPHONE: (863) 385-2519. FAX: (863) 385-1643.

fnph@earthlink.net

**Region 2: South Central**

AR, KS, LA, MO, NE, ND, NM, OK, SD, TX, WY

**LITTLE DIXIE COMMUNITY ACTION AGENCY INC.**

Bob Yandell, Executive Director

Barney Harless, Project Director

502 West Duke Street

Hugo, Oklahoma 74743

TELEPHONE: (580) 326-6441. FAX: (580) 326-6655.

Bharless@LDCAA.Org

**Region 3: Northeast and Midwestern**

CT, DE, IL, IA, IN, KY, MA, MD, ME, MI, MN, NH, NJ, NY, OH, PA, RI, VA, VT, WI, WV

**NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR**

**RESEARCH FUND INC.**

Joe L. Meyer, Executive Director

Sherry Dezwarte, Project Director

363 Saulsbury Road

Dover, Delaware 19904-2722

TELEPHONE: (302) 678-9400. FAX: (302) 678-9058.

Sdezwarde@ncall.org

**Region 4: Western**

AK, AZ, CA, CO, HI, ID, MT, NV, OR, UT, WA, W. Pacific Territory

**RURAL COMMUNITY ASSISTANCE CORPORATION**

**Headquarters**

William French, Chief Executive Officer

Billie Heath, Program Manager

3120 Freeboard Drive, Suite 201

West Sacramento, California 95691

TELEPHONE: (360) 493-2260. FAX: (360) 438-0614.

Bheath@rcac.org

The National Office will make every effort to fund organizations that are the best qualified to be successful in our Section 523 Self-Help Housing program.

For questions pertaining to the Self-Help Housing program, contact Carolyn Bell at (202) 720-2232.